



Skills Funding
Agency

Supporting quality and employer choice through a new Register of Apprenticeship Training Providers

October 2016

Of interest to colleges, training organisations and employers.

This document sets out the policy for apprenticeship training providers in England from May 2017.

Apprenticeships benefit employers and individuals, and by boosting the skills of the workforce they help to improve economic productivity. Our apprenticeship reforms will support an increase in the quality and quantity of apprenticeships so that more individuals have the chance to pursue a successful career – whether this is their first step on the employment ladder or progression with a current employer or sector.

The successful operation of the new levy system will require employers to take control over selecting the right training provider for them. It is therefore crucial for an employer-led apprenticeship system to be underpinned by a high-quality, flexible and responsive provider base.

We have consulted widely with employers and providers and their valuable input has shaped the final apprenticeship training providers policy. Over the summer we invited employers and providers to feedback on our proposals for the new register. We received 597 responses. This document highlights how the policy has been developed to strike a proportionate balance between the need to drive up quality and ensure value for money with implementing these reforms at a pace that both employers and providers can adapt to.

Register of Apprenticeship Training Providers

From May 2017, levied employers will be able to choose a provider from a new register – the Register of Apprenticeship Training Providers (RoATP). The new register will encourage diversity and competition in the provider market, supporting quality and employer choice.

The register reforms are central to the broader apprenticeship reforms being introduced to drive up the quality and quantity of apprenticeships. By introducing higher quality requirements for providers, we aim to improve the quality of the offer available to employers. The register will give employers an assurance that the

providers they are using have the capacity and capability to delivery good quality apprenticeship training.

Overall, employers welcomed our more robust approach to quality and the focus on employer engagement, and the main proposals on the structure and scope of the register were supported. However, some raised wider concerns with the pace of change, and we have reflected this feedback in our final policy. For the time being, we will retain the threshold, which means that organisations who want to deliver less than £100k of apprenticeship training per year as a subcontractor will not need to apply.

Eligibility to apply

We proposed that any organisation wanting a role in delivering apprenticeships for starts from May 2017 will need to successfully apply to the register. In addition we also outlined our intention to limit the scope of organisations that can get on the register to those who directly provide training. This would mean that managing agents, intermediary bodies, consortium leads, brokerage organisations or any other similar entity that does not itself deliver education and training to apprentices, would not be eligible to apply to the RoATP.

Overall, stakeholders agreed with the government's proposals to tightened eligibility to apply to the register. However, some respondents raised concerns about the impact that removing the £100,000 application threshold would have on some small providers. Although we believe the creation of a supporting route largely addresses these concerns, we recognise that some of the smallest providers may feel applying to the register is disproportionate for the provision they offer and as a consequence may exit the market. The government will consequently retain the threshold, which means that organisations who want to deliver less than £100k of apprenticeship training per year as a subcontractor will not need to apply. These providers can choose to apply to the register, if they want to have the flexibility to provide larger volumes of training or to give assurance to those they wish to contract with that they have met the requirements of the register.

We will introduce a requirement for all organisations on the register to directly provide training. At market entry, we will test the capability and capacity of applicants to the register to do this, and we will put in place new rules around subcontracting, as detailed below.

Our aim is to open up the market and increase competition and thereby to drive up value for money and quality. This change offers employers the opportunity to take more control over their apprenticeship programme and select from a much wider pool of providers using the digital apprenticeship service. The digital service has been tested extensively with employers to make sure it is as business- and user-friendly as possible.

The government will continue to work with employers and providers over the coming months to ensure there are the right levels of support in place as these new arrangements come into force.

The future role of subcontracting in apprenticeships

In August we outlined our intention to put in place tighter controls on the use of subcontracting. This reflected the clear expectation set out in the Skills Funding Letter for 2016-2017 that subcontracting would reduce in line with the introduction of an employer-led system when they will be able to select providers directly using the digital service.

We proposed that a main provider would always need to deliver a significant majority of each framework or standard they contract with the employer to deliver, and would need the employer's agreement to subcontract parts of it to ensure that all subcontracting is meeting employer needs for responsiveness and flexibility. This would mean that where an employer wants to offer apprenticeships in areas other than the ones their main provider can deliver at least half of, they would contract directly with a different provider.

In general, employers and providers agreed with the need to control subcontracting in the levy system, but they asked that we take longer to find the best way of doing

this without unduly restricting employer choice and preventing good practice. We have considered this feedback and recognise that the market is changing significantly, and this is reflected in our final policy. We appreciate that maintaining the ability to subcontract will, at least for a transitional period, be important for employers and providers.

Therefore, we will require that all approved “main” providers will need to directly provide training for each employer’s apprenticeship programme that they deliver, but we will not require the main provider to deliver a significant majority of each framework or standard they contract with an employer to deliver. At the employer’s request, and subject to their agreement, main providers will be able to bring in subcontractors to deliver whole, or parts of, frameworks or standards. This will allow employers the flexibility, where they think it adds value, to appoint a main provider to coordinate their overall apprenticeship programme alongside their delivery.

We will continue to monitor subcontracting practices, and will consider making further changes over time, if there continues to be concerns about the quality and levels of subcontracting in apprenticeships. We will work with employers and providers to make sure subcontracting practices are proportionate, deliver good value for taxpayers and good outcomes for apprentices.

Application routes and tests

We proposed that there should be three application routes to the register:

- Main route – eligible for selection by levied employers to deliver apprenticeship training, or selection by another main provider to work as a subcontractor.
- Supporting route – entry route to the apprenticeship market for organisations that offer a specialism, and providers who only want to deliver as a subcontractor.
- Employer-provider route – employers who want to provide training to their own staff. They will have the flexibility to lead their own programme, or act as a subcontractor to their appointed main provider.

We proposed that the RoATP process should have a strong focus on applicants' capability to deliver high-quality apprenticeships, supported by applicants' fitness and ability to receive public funding. Therefore, applicants to the register would need to pass a range of tests in the areas of financial health, due diligence, quality, capacity and capability, differentiated according to the application route.

Following feedback on the routes, especially the supporting and employer-provider routes, we have determined that there will be three application routes to the register. We expect the majority of organisations will apply through a main application route. This will mean they are eligible for selection by levied employers to deliver apprenticeship training, or for selection by another main provider to work as a subcontractor. Those providers who do not have the capacity and capability to deliver a full apprenticeship, or who wish to operate solely as subcontractors will be able to apply through the supporting route. Providers told us that there was merit in having a separate route, to provide access to the market for providers who can add value to the delivery of apprenticeships but may not be able to satisfy the requirements of the main route. Providers on the supporting route will be able to deliver up to £500,000 of apprenticeship training per year, before being required to apply to the main route. Those providers who want to deliver less than £100k of apprenticeship training per year as a subcontractor will have the option to apply.

We know that some employers are interested in becoming a registered provider and so we will introduce a tailored application route onto the register for these employers. We have produced a separate guidance document for employers who wish to become registered providers, setting out what they need to do at each stage.

All applicants will need to pass quality and financial tests, so that employers can have the confidence to do business with them. During the first year, we will continue to accept parent company guarantees for applications to give providers time to adapt to the new requirement. Providers would be ineligible to apply to the register if they have a grade 4 "inadequate" rating for their apprenticeship provision. Organisations with a grade 4 overall but a higher grade for apprenticeship provision would still be eligible to apply.

Next steps

The new register will open for applications on 25 October 2016. Further details of the new register will be set out in accompanying guidance and funding rules. Our first selection of assured providers will be drawn from those who complete their applications by 5.00pm on 25 November 2016.

At the same time we will also launch a procurement for apprenticeship delivery for smaller employers who will not pay the levy. This will run in parallel to the register being open. Applicants for the procurement will need to apply to the main application route and, if successful in the procurement, will be awarded a contract.

The new register will open four times a year for new applications. We plan to reopen the register for applications as soon as the results from the first round are available. Each provider would need to reapply every 12 months if they want to maintain their registration. This is a refresh of information that provides us with up to date position on the provider's financial health and any changes that may have occurred within their business over the last year in relation to the questions asked. We only require applicants to update their responses where things have changed – not to complete a new application.



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